

**TESTIMONY OF CHARLES J. WILLOUGHBY
INSPECTOR GENERAL
BEFORE THE COMMITTEE ON CONSUMER AND REGULATORY
AFFAIRS**

**PUBLIC OVERSIGHT ROUNDTABLE ON THE RENT CONTROL
PROGRAM IN THE DISTRICT OF COLUMBIA**

DECEMBER 21, 2005

GOOD MORNING, CHAIRMAN GRAHAM, AND MEMBERS OF THE COMMITTEE. I WELCOME THE OPPORTUNITY TO DISCUSS OUR RECENT REPORT ON HOUSING PROVIDER FILINGS FOR RENT CONTROLLED PROPERTY IN THE DISTRICT OF COLUMBIA.

ACCOMPANYING ME TODAY ARE MR. WILLIAM DIVELLO, ASSISTANT INSPECTOR GENERAL FOR AUDITS; MR. SALVATORE GULI, TECHNICAL DIRECTOR FOR AUDITS; MR. ROY SIMMONS, AUDIT DIRECTOR; AND MS. YVONNE LEE, SENIOR AUDITOR.

AS YOU KNOW, WE UNDERTOOK THE REVIEW OF RENT CEILING ADJUSTMENTS AND RENT CHARGED BASED ON YOUR REQUEST TO EVALUATE THE EFFECTIVENESS OF THE DISTRICT'S RENT CONTROL LAW, AND ANALYZE THE PROCESSES AND DOCUMENTATION TO DETERMINE WHETHER RENT CEILING

ADJUSTMENTS CONTROL THE COST OF RENTAL HOUSING. AT OUR OPENING CONFERENCE, YOU ASKED THAT WE AMEND THE AUDIT OBJECTIVES AND SCOPE TO FOCUS ON PROVIDING A DETAILED COMPILATION AND PRESENTATION OF RENT CEILING ADJUSTMENTS AND RENTS CHARGED AT SEVEN RENT-CONTROLLED PROPERTIES LOCATED IN SIX OF THE EIGHT DISTRICT WARDS. ACCORDINGLY, OUR REVIEW REPRESENTS A NON-AUDIT SERVICE CONSISTING OF A COMPILATION OF DATA EXTRACTED FROM CERTIFICATES OF ELECTION AND OTHER RECORDS. OUR REPORT CONTAINS NO AUDIT ANALYSIS IDENTIFYING DEFICIENCIES, CONCLUSIONS, OR RECOMMENDATIONS FOR CORRECTIVE ACTION. I WILL PROVIDE A BRIEF DISCUSSION OF THE DATA PRESENTED IN THE REPORT WITHOUT FURTHER OPINION AS TO THE MERITS, TRENDS, OR MEANING REGARDING THE CONTENT OF THE DATA.

OUR REPORT COMPILES DATA FOR RENT CEILINGS AND RENT CHARGED FOR EACH OF SEVEN APARTMENT BUILDINGS GENERALLY COVERING THE PERIOD OF 1999 TO 2005. THE

SEVEN APARTMENT BUILDINGS, BY WARD, INCLUDED IN THE REVIEW ARE:

- PARK PLAZA (WARD 1)
- BARCLAY APARTMENTS (WARD 2)
- COLUMBIA PLAZA (WARD 2)
- CLEVELAND HOUSE (WARD 3)
- THE RITTENHOUSE (WARD 4)
- PARKVIEW APARTMENTS (WARD 5)
- MARBURY PLAZA (WARD 7)

FOR EACH OF THE ABOVE BUILDINGS, WE COMPILED INFORMATION ON RENT CEILINGS AND RENT CHARGED FOR EACH RENTAL UNIT AND PRESENTED THE DATA FOR COMPARATIVE TIME PERIODS (1999 VERSUS 2005), HISTORICAL DATA FOR 1999 TO 2005, AND CURRENT DATA FOR 2005. THE TITLES OF THE TABULAR DATA INCLUDED IN OUR REPORT ARE:

- RENT CEILING ADJUSTMENTS BY AFFORDABILITY CRITERIA (1999 VERSUS 2005);
- RENT CHARGED BY AFFORDABILITY CRITERIA (1999 VERSUS 2005);
- RENT CEILING RANGES FOR 2005;

- RENT CHARGED RANGES FOR 2005;
- RENT CHARGED IN EXCESS OF RENT CEILING (1999-2005);
- FREQUENCY OF RENT INCREASES (1999-2005);
- CONSUMER PRICE INDEX RENT CEILING ADJUSTMENTS THAT EXCEED THE PUBLISHED RATES (1999-2005);
- VACANCY HIGH COMPARABLE RENT CEILING ADJUSTMENTS (1999-2005);
- VACANCY 12-PERCENT RENT CEILING ADJUSTMENTS (1999-2005);
- VACANCY RENT CEILING ADJUSTMENTS OF LESS THAN 13 PERCENT CATEGORIZED AS VACANCY HIGH COMPARABLE RENT CEILING ADJUSTMENTS (1999-2005); AND
- CERTIFICATES OF ELECTION FILED WITH THE DEPARTMENT OF CONSUMER AND REGULATORY AFFAIRS 30 DAYS AFTER THE EFFECTIVE DATE (1999-2005).

WHILE OUR REPORT PROVIDES NO AUDIT ANALYSIS,
CONCLUSIONS, OR RECOMMENDATIONS, THE DATA
COMPILATION DOES PRESENT VALUABLE INFORMATION THAT
CAN BE USED TO ESTABLISH CERTAIN TRENDS OR PATTERNS,
SERVE AS A BASIS FOR FURTHER INQUIRY, AND POSSIBLY
POINT TO THE NEED FOR CHANGES IN RENT CONTROL LAWS OR
REGULATORY GUIDANCE.

THANK YOU FOR PROVIDING ME THE OPPORTUNITY TO
DISCUSS OUR REPORT. AT THIS TIME MY COLLEAGUES AND I
WILL BE HAPPY TO ANSWER YOUR QUESTIONS.